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UNCLAS ROME 001396

SIPDIS

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AMEMBASSY SKOPJE  
USCINCEUR VAIHINGEN GE//ECPLAD/ECJ5/ECJ5-J  
USDELMC BRUSSELS BE  
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CINCUSNAVEUR LONDON UK  
USCINCFJCOM NORFOLK VA//J53/J71//  
CINCUSAREUR HEIDELBERG GE//AEAGC-ATA/AEAGEEX//  
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UNCLAS SECTION 01 OF 04 ROME 001396

SIPDIS

PASS TO EUR/RPM AND OSD/ISP/NATO

E.O. 12958: N/A

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SUBJECT: ITALIAN ASSISTANCE TO NATO ASPIRANTS

REF: (A) SECSTATE 40765; (B) ROME 1222; (C) TIRANA 467

1. MAINARDO BENARDELLI, OF THE MFA ECONOMIC ASSISTANCE DEPARTMENT, CONFIRMED THAT ITALIAN ASSISTANCE IS LIMITED TO ALBANIA AND MACEDONIA.

A- ALBANIA

#### MILITARY ASSISTANCE

2. PER REF C, ITALY IS ALBANIAS MOST IMPORTANT TRADING PARTNER, LARGEST INVESTOR, AND LARGEST ASSISTANCE DONOR. IT HAS TAKEN THE LEAD IN PROVIDING ALBANIA WITH EQUIPMENT AND VEHICLES TO BRING THE COUNTRY UP CLOSE TO  
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NATO STANDARDS. SINCE AUGUST 1997, ITALY HAS PROVIDED APPROXIMATELY USD 28 MILLION IN VEHICLES AND MATERIAL TO SUPPORT THE ALBANIAN ARMED FORCES (AAF). THIS FIGURE DOES NOT INCLUDE DOZENS OF TRAINING COURSES FOR HUNDREDS OF OFFICERS/NCOS AND MILITARY STUDENTS TO TRANSFORM AND STRUCTURE THE AAF ALONG NATO LINES. SPECIFIC AREAS OF ASSISTANCE AND COOPERATION INCLUDE:  
-- DONATION OF NATO COMPATIBLE EQUIPMENT TO ALBANIAS ELITE RAPID REACTION BRIGADE (RRB).  
-- DONATION OF HEAVY EQUIPMENT TO THE CIVIL ENGINEERING BRIGADE FOR ROAD CONSTRUCTION.  
-- HELICOPTER CAPABILITY ASSISTANCE.  
-- SUPPORTING THE LOGISTICAL BATTALION OF THE RRB.  
-- SUPPORTING PARTICIPATION OF AN ALBANIAN UNIT IN THE SOUTH EAST EUROPEAN BRIGADE (SEEBRIG).  
.  
-- SUPPORTING AIR TRAFFIC CONTROL AND SEARCH AND RESCUE SERVICE.  
-- ASSISTANCE TO THE ALBANIAN NAVY COASTGUARD.  
-- SUPPORTING THE MILITARY POLICE BATTALION.  
-- JOINT EXERCISES.  
-- BUILDING AND OPERATING A HOSPITAL FOR THE CITIZENS OF DURRES.

#### GENERAL ASSISTANCE

3. STARTING FROM 1992, THE ITALIAN ODA TO ALBANIA REACHED THE OVERALL AMOUNT OF 360 MILLION EURO, OF WHICH 349 MILLION EURO IS ALREADY DISBURSED. ITALY IS ALBANIAS LARGEST BILATERAL DONOR AND THE SECOND  
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LARGEST DONOR AFTER THE EU. THE VOLUME OF THE FINANCIAL COMMITMENTS TOWARD ALBANIA FACILITATED THE CREATION OF A PATH OF STRATEGIC PARTNERSHIP BETWEEN THE TWO COUNTRIES THAT BROUGHT ABOUT THE ALBANIAN RECOGNITION OF ITALY AS DOOR OF EUROPE IN THE PROCESS OF STABILIZATION AND ASSOCIATION TO EU.

#### NEGOTIATION FRAME

4. THE CURRENT REFERENCE NEGOTIATION FRAME IS THE ITALIAN-ALBANIAN AGREEMENT OF COOPERATION TO DEVELOPMENT 1998-2000, UPDATED ON THE OCCASION OF THE HE SIGNATURE OF THE JULY 3-4, 2000 AGREEMENT OF THE ITALIAN-ALBANIAN MIXED COMMISSION. THE NEW AGREEMENT PRESENTS AN OVERALL COMMITMENT IN THE THREE YEAR PLAN OF 108 MILLION EURO, DIVIDED IN GIFTS AND AID CREDIT, OF WHICH 40 MILLION EURO ARE STILL WAITING TO BE DISBURSED.

5. THE NEW 3-YEAR AGREEMENT OF COOPERATION IS UNDER NEGOTIATION IN PREPARATION FOR THE NEXT ITALIAN-ALBANIAN MIXED COMMISSION, EXPECTED TO TAKE PLACE IN

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ACTION EUR-00

INFO	LOG-00	NP-00	AGRE-00	AID-00	ACQ-00	CEA-01	CIAE-00
	COME-00	CTME-00	INL-00	USNW-00	DOEE-00	ITCE-00	DOTE-00
	SRPP-00	DS-00	EB-00	EXME-00	OIGO-00	E-00	FAAE-00
	FBIE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	IO-00	ITC-01	L-00	VCE-00	AC-01	DCP-01	NRRC-00
	NSAE-00	NSCE-00	OIC-02	OMB-01	OPIC-01	PA-00	PC-01
	PM-00	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00
	SSO-00	SS-00	STR-00	TEST-00	TRSE-00	T-00	USIE-00
	EPAE-00	SSD-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00
	SSR-00	NFAT-00	SAS-00	/012W			

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P 191251Z MAR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 2823  
INFO NATO EU COLLECTIVE PRIORITY  
AMCONSUL MILAN  
AMCONSUL FLORENCE  
AMCONSUL NAPLES  
USEU BRUSSELS 2597  
SECDEF WASHDC  
AMEMBASSY TIRANA  
AMEMBASSY RIGA  
AMEMBASSY VILNIUS  
AMEMBASSY TALLINN  
AMEMBASSY SOFIA  
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AMEMBASSY BRATISLAVA

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USLO SACLANT NORFOLK VA  
USAFE RAMSTEIN AB GE//PLAD/XOM//

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SUBJECT: ITALIAN ASSISTANCE TO NATO ASPIRANTS

SPRING 2002. THE FINANCIAL COMMITMENT THAT DGCS IS PLANNING TO TAKE WITH THE NEW 3-YEAR AGREEMENT IS OF ABOUT 130 MILLION EURO (OF WHICH: 93 MILLION EURO OF AID CREDIT AND 37 MILLION EURO OF GIFTS). AN ADDITIONAL SPECIAL CONTRIBUTION OF 25 MILLION EURO AS AID CREDIT IS ADDRESSED TO PROGRAMS OF SUPPORT OF LOCAL SMALL AND MEDIUM SIZED COMPANIES AND TO SUPPORT THE CREATION OF ITALIAN-ALBANIAN JOINT VENTURES.

#### COOPERATION POLICIES

16. THE ITALIAN ODA TO ALBANIA, EXCLUDING THE SOCIAL AND EMERGENCY SECTORS, HAVE BEEN CONCENTRATED ON THE LACK OF INFRASTRUCTURES THAT REPRESENT ONE OF THE MAIN OBSTACLES TO THE DEVELOPMENT OF THE COUNTRY. THE

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PRIVILEGED CHANNEL HAS BEEN THE BILATERAL COOPERATION. 26 PERCENT OF THE OVERALL PACKAGE OF THE ITALIAN COOPERATION TO ALBANIA HAS BEEN IMPLEMENTED THROUGH THE MULTILATERAL CHANNEL, THROUGH DIFFERENT SPECIALIZED AGENCIES OF THE UN (FAO, IFAD, ILO, UNHCR, UNDP, UNICRI, UNOPS, WHO), WORLD BANK, EBRD AND EUROPEAN TRAINING FOUNDATION (ETF). MOREOVER THERE IS AN INCREASE IN NON-GOVERNMENT INITIATIVES OF COOPERATION MOSTLY AIMED AT EMERGENCY ACTIONS. AS A RESULT OF THE OCT. 10, 1999 AGREEMENT UNDER THE PARIS CLUB, ITALY SIGNED ON OCTOBER 12, 2000 A BILATERAL AGREEMENT AIMED TO REDEFINE IN MORE FAVORABLE TERMS THE CONDITION OF THE REIMBURSEMENT OF THE ALBANIAN DEBT.

#### PRIORITY SECTORS

17. THE PRIORITY AID SECTORS AT THE MOMENT ARE:  
ELECTRIC, ROADS, WATER, HEALTH, AGRICULTURE,  
ENVIRONMENT, EDUCATION-TRAINING AND GENERAL GOVERNMENT.

#### INITIATIVES

1A. ROAD SECTOR: AID CREDIT AID OF ABOUT 27.9 MILLION EURO.  
1B. ELECTRICITY SECTOR: THE OVERALL COMMITMENT IS OF 53.7 MILLION EURO AS AID CREDIT, OF WHICH 41.3 MILLION APPROVED BY THE DIRECTION COMMITTEE IN DECEMBER 2001.  
1C. WATER SECTOR: A 31 MILLION EURO AID CREDIT FOR INTERVENTION TO THE AQUEDUCT OF TIRANA IS UNDER FINANCING.  
1D. AGRICULTURAL SECTOR: A GIFT OF 20.7 MILLION EURO FOR

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POLICIES OF SUPPORT OF AGRICULTURAL SECTOR IS UNDER  
DISBURSEMENT.

1E. HEALTH SECTOR: COMMITMENT OF A GIFT OF 3.2 MILLION  
EURO AND AN AID CREDIT OF 5.16 MILLION EURO.  
- PASARP (PROGRAM OF ACTIVITIES SUPPORT OF THE  
ALBANIAN REFUGEE POPULATION): ITALY CO-FINANCES IDA  
WITH 12.4 MILLION EURO FOR THIS INITIATIVE, AIMED TO  
SUPPORT THE HUMAN DEVELOPMENT AND THE STRAIGHTENING OF  
INSTITUTIONS AT LOCAL LEVEL.

TRENDS

18. IN LINE WITH THE GENERAL TARGET OF THE  
RECONSTRUCTION OF THE COUNTRY CARRIED OUT BY  
INTERNATIONAL ORGANISMS AND BY OTHER DONOR COUNTRIES,  
THE FUTURE ORIENTATION OF THE ITALIAN ODA IS TO RESPOND  
OND  
TO THE NEED OF THE MEDIUM AND LONG TERM DEVELOPMENT OF  
ALBANIA IN ORDER TO FACILITATE THE PATH OF DOMESTIC  
STABILIZATION AND THE NEGOTIATION PROCESS AIMED AT THE  
CONCLUSION OF AN AGREEMENT OF ASSOCIATION TO EU. TO  
THIS END, ITALY PLANS TO CONTINUE TO PRIVILEGE  
INFRASTRUCTURE INTERVENTIONS FOR THE COMPLETION AND THE

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ACTION EUR-00

INFO	LOG-00	NP-00	AGRE-00	AID-00	ACQ-00	CEA-01	CIAE-00
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	DS-00	EB-00	EXME-00	OIGO-00	E-00	FAAE-00	FBIE-00
	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	IO-00
	ITC-01	L-00	VCE-00	AC-01	DCP-01	NRRC-00	NSAE-00
	NSCE-00	OIC-02	OMB-01	OPIC-01	PA-00	PC-01	PM-00
	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00	SSO-00
	SS-00	STR-00	TEST-00	TRSE-00	T-00	USIE-00	EPAE-00
	SSD-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	SSR-00
	NFAT-00	SAS-00	/012W				

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P 191251Z MAR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 2824  
INFO NATO EU COLLECTIVE PRIORITY  
AMCONSUL MILAN  
AMCONSUL FLORENCE  
AMCONSUL NAPLES  
USEU BRUSSELS 2598  
SECDEF WASHDC  
AMEMBASSY TIRANA  
AMEMBASSY RIGA  
AMEMBASSY VILNIUS  
AMEMBASSY TALLINN  
AMEMBASSY SOFIA  
AMEMBASSY LJUBLJANA  
AMEMBASSY BRATISLAVA

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CINCUSNAVEUR LONDON UK  
USCINCJFCOM NORFOLK VA//J53/J71//  
CINCUSAREUR HEIDELBERG GE//AEAGC-ATA/AEAGEEX//  
USLO SACLANT NORFOLK VA  
USAFE RAMSTEIN AB GE//PLAD/XOM//

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SUBJECT: ITALIAN ASSISTANCE TO NATO ASPIRANTS

CONSOLIDATION OF STRATEGIC INFRASTRUCTURES.  
INTERVENTION IN THE EDUCATION AND DEVELOPMENT OF HUMAN  
RESOURCES SECTORS HAVE TO BE STRENGTHENED AS WELL AS  
THAT IN THE ENVIRONMENTAL AND CULTURAL HERITAGE  
SECTORS, CONSIDERING THE STILL CRITICAL SOCIAL  
SITUATION IN ALBANIA AND THE REDUCTION OF MIGRATORY  
TENSIONS. ITALY PLANS TO GIVE PARTICULAR ATTENTION TO  
THE DEVELOPMENT OF SMALL AND MEDIUM SIZED COMPANIES AND  
OF THE AGRICULTURAL SECTOR, CONSIDERING THE IMPORTANCE  
OF THESE SECTORS IN THE ALBANIAN ECONOMY AND FUTURE  
INVESTMENT OPPORTUNITIES FOR ITALIAN COMPANIES. ITALY  
ALSO PLANS TO INTEGRATE THESE INTERVENTIONS WITH AD-HOC  
PROGRAMS OF E-GOVERNMENT TO STRAIGHTEN THE EFFICIENCY  
Y  
AND THE TRANSPARENCY OF ALBANIAN BUREAUCRACY

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1B. MACEDONIA

19. SINCE THE 1992 EDINBURG MEETING, THE GOI, IN LINE  
WITH THE EU AND THE MEMBER COUNTRIES, TOOK THE

COMMITMENT TO SUSTAIN THE PROCESS OF TRANSITION OF FYROM, FOLLOWED BY HUMANITARIAN AND EMERGENCY PROGRAMS. AFTER THE KOSOVO CRISIS OF 1999, THE PARTICULAR ITALIAN INTEREST FOR THE SOCIAL AND POLITICAL STABILITY IN THE BALKAN REGION WAS CONFIRMED DURING A VISIT TO SKOPJE BY THE PRESIDENT OF REPUBLIC SCALFARO AND LATER RECONFIRMED DURING A VISIT BY THE PRESIDENT OF THE COUNCIL AND MINISTER OF FOREIGN AFFAIRS. AS A RESULT OF THE CIVIL WAR OF 2001, WHICH PRODUCED THE WELL-KNOWN NATO OPERATION ESSENTIAL HARVEST, THE INTERNATIONAL COMMUNITY TOOK THE COMMITMENT TO SUSTAIN THE PROCESS OF PACIFICATION AND STABILIZATION OF THE COUNTRY.

#### NEGOTIATION FRAME

110. AT PRESENT THE NEGOTIATION FRAME DID NOT TAKE SHAPE YET. A REAL TREATY OF BILATERAL COOPERATION DOES NOT EXIST YET. THE INTERGOVERNMENTAL MEMORANDA OF AGREEMENT, SIGNED IN 1999 AND 2001 DEFINE COMMITMENTS FOR THE IMPLEMENTATION OF SPECIFIC PROJECTS FOR AN OVERALL VALUE OF ABOUT 25 MILLION EURO.

#### COOPERATION POLICIES

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111. THE ACTIVITY OF ITALIAN COOPERATION IN MACEDONIA IS PART OF THE OVERALL FRAME OF PRIORITIES GIVEN TO THE BALKAN AREA AND TO THE SUPPORT OF THE RELATED PROCESSES OF RECONSTRUCTION BY THE ITALIAN ODA AS APPROVED BY THE LEADING COMMITTEE IN MARCH 2001. IN ORDER TO FACILITATE THE INVOLVEMENT OF THE LOCAL INSTITUTIONS AND STRUCTURES, THE TOOL MORE FREQUENTLY USED WAS THE CREDIT AID.

#### PRIORITY SECTORS

112. AFTER THE FIRST HUMANITARIAN AND EMERGENCY INTERVENTION OF 1991 CAUSED BY THE FLOW OF REFUGEES FROM KOSOVO, THE CURRENT PRIORITIES COVER THE FOLLOWING AREAS: HEALTH, INFRASTRUCTURES AND SUPPORT OF MEDIUM AND SMALL SIZED COMPANIES. ITALIAN MFA PLANS TO CONCENTRATE FUTURE INITIATIVES MORE AND MORE ON INTERVENTION AIMED TO SUPPORT ECONOMIC DEVELOPMENT OF THE PRIVATE SECTOR AND INSTITUTIONAL REFORMS.

#### INITIATIVES

113. THE ITALIAN PROGRAMS OF COOPERATION STARTED AFTER

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ACTION EUR-00

INFO	LOG-00	NP-00	AGRE-00	AID-00	ACQ-00	CEA-01	CIAE-00
	COME-00	CTME-00	INL-00	DOEE-00	ITCE-00	DOTE-00	SRPP-00
	DS-00	EB-00	EXME-00	OIGO-00	E-00	FAAE-00	FBIE-00
	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	IO-00
	ITC-01	L-00	VCE-00	AC-01	DCP-01	NRRC-00	NSAE-00
	NSCE-00	OIC-02	OMB-01	OPIC-01	PA-00	PC-01	PM-00
	PRS-00	ACE-00	P-00	SCT-00	SP-00	IRM-00	SSO-00
	SS-00	STR-00	TEST-00	TRSE-00	T-00	USIE-00	EPAE-00
	SSD-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	SSR-00
	NFAT-00	SAS-00	/012W				

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P 191251Z MAR 02  
FM AMEMBASSY ROME  
TO SECSTATE WASHDC PRIORITY 2825  
INFO NATO EU COLLECTIVE PRIORITY  
AMCONSUL MILAN  
AMCONSUL FLORENCE  
AMCONSUL NAPLES  
USEU BRUSSELS 2599  
SECDEF WASHDC  
AMEMBASSY TIRANA  
AMEMBASSY RIGA  
AMEMBASSY VILNIUS  
AMEMBASSY TALLINN  
AMEMBASSY SOFIA  
AMEMBASSY LJUBLJANA  
AMEMBASSY BRATISLAVA

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USNMR SHAPE BE//INTAF//  
CINCUSNAVEUR LONDON UK  
USCINCFJCOM NORFOLK VA//J53/J71//  
CINCUSAREUR HEIDELBERG GE//AEAGC-ATA/AEAGEEX//  
USLO SACLANT NORFOLK VA  
USAFE RAMSTEIN AB GE//PLAD/XOM//

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SUBJECT: ITALIAN ASSISTANCE TO NATO ASPIRANTS

THE AGREEMENT BETWEEN THE GOVERNMENT OF SKOPJE AND THE ODA DEPARTMENT OF MFA CONSIST OF THE FOLLOWING INITIATIVES:

1A. RATIONALIZATION OF THE MANAGING SECTOR AND MODERNIZATION OF BIOMEDICAL EQUIPMENT: A GIFT OF 1.14 MILLION EURO AND A CREDIT AID OF 2.58 MILLION EURO. THE PROGRAM STARTED IN FEBRUARY 2000. AT PRESENT IT IS UNDER IMPLEMENTATION FOR THE GIFT PORTION OF THE INTERVENTION WITH THE TECHNICAL ASSISTANCE PROVIDED BY ITALIAN EXPERTS TO THE LOCAL AUTHORITIES FOR THE MODERNIZATION OF EXISTING MEDICAL EQUIPMENT.

1B. LINE OF SOFT CREDIT FOR 12.7 MILLION EURO, AIMED TO SUPPLY ITALIAN GOODS AND SERVICES FOR THE SAME VALUE,  
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WITH THE PURPOSE OF SUPPORTING THE ACCESS OF MACEDONIAN SMALL AND MEDIUM SIZED COMPANIES TO CREDITS AND OTHER FINANCIAL INSTRUMENTS. THE ADVISORY ITALIAN COMPANY CHOSEN IS FORTRADE FINANCING SPA BASED IN MILAN.

1C. PROGRAM FOR THE CONSTRUCTION OF INFRASTRUCTURE FOR MANAGEMENT OF WATER RESOURCES AND FOR THE ENVIRONMENTAL PROTECTION OF THE RADIKA RIVER IN DISTRICT OF THE TOWN OF ROSTUSE (5.6 MILLION EURO), IS SCHEDULED TO BE APPROVED BY THE ODA COMMITTEE IN APRIL. AT THE MOMENT THE PROJECT IS UNDER REVIEW BY THE UTC AND IN THE MEANTIME THE MACEDONIAN COUNTERPART WILL PREPARE THE FORMAL ACCEPTANCE OF THE DOCUMENT. THE RELEVANT ASPECT OF THE INITIATIVE IS THE DIRECT MANAGEMENT OF THE PROJECT BY THE BENEFICIARY GOVERNMENT IN ACCORDANCE WITH ARTICLE 15 OF LAW 49/87.

1D. EMERGENCY PROGRAMS: THROUGH 2001 4.13 MILLION EURO HAVE BEEN ALLOCATED FOR PROGRAMS IN FAVOR OF POPULATIONS DAMAGED BY THE RECENT CIVIL WAR. THESE FUNDS HAVE BEEN USED FOR INTERVENTION IN THE SOCIAL AND HEALTH AND AGRICULTURAL AREAS AND THROUGH DIRECT MANAGEMENT BY INTERNATIONAL ORGANIZATION LIKE UNICEF, OMS, FAO AND UNDP.

TRENDS

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14. MACEDONIA DECLARED ITS INDEPENDENCE IN 1991, STARTING A PROCESS OF TRANSITION, WITHOUT CONFLICTS  
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WITH THE FRY, TOWARDS THE MARKET ECONOMY AND INTEGRATION WITH EUROPE. THE CURRENT INTERETHNIC TENSIONS AND THE RECENT DOMESTIC CONFLICT SLOWED THIS PROCESS OF CONSOLIDATION AND SERIOUS RISKS OF INSTABILITY PERSIST, WORSENER BY THE ECONOMIC RECESSION AND THE BUDGET DEFICIT. IN LINE WITH THE 1999-2001 COMMITMENTS, ITALY IS EXPECTED TO ANNOUNCE AN OVERALL COMMITMENT OF 17.2 MILLION EURO FOR THE PERIOD 2002-  
2004.

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